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Supreme Court of the United States

October Term, 1976

No. 76-297

LEE A. TURZILLO, and
LEE TURZILLO CONTRACTING COMPANY,
Petitioners,

vs.

P. & Z. MERGENTIME,
Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Court of Appeals
For the District of Columbia Circuit

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PETITION FOR WRIT OF CERTIORARI
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Now come petitioners and pray that the Court issue its writ of certiorari to the United States Court of Appeals for the District of Columbia Circuit to review the judgment in Causes Nos. 75-1079 and 75-1080 on the docket of that court.

OPINIONS

The opinion of the Court of Appeals for the District of Columbia Circuit (by Circuit Judge Leventhal, with Circuit Judge McGowan and District Judge Albert V. Bryan, Jr., concurring) is reported in 532 F.2d 1393 and is reproduced in the Appendix hereto, printed under separate cover, at page A1.

The opinion of Judge Leventhal upon rehearing is reported in 532 F.2d 1402, and is reproduced in the Appendix hereto, separately printed at page A19.

The opinion of the United States District Court for the District of Columbia, Judge Flannery, is not reported, but appears in the Appendix hereto, separately printed, at page A25.

JURISDICTION

The judgment of the United States Court of Appeals for the District of Columbia Circuit was dated, and was entered, April 8, 1976; the order on rehearing was dated and entered June 2, 1976.

This Court has jurisdiction to review under 28 U.S.C. 1254(1) and 2101(c).

The district court had jurisdiction under 28 U.S.C. 1338(a).

QUESTIONS PRESENTED

This case brings here the questions:

1. Whether, in a patent case, as in any other, a Court of Appeals is obligated to accept the trial court's findings of fact when it is unable to adjudge them "clearly erroneous."

2. Whether a Court of Appeals

   (a) that accepts the trial court's findings of fact that "as early as 1956 [12 years before the patent in suit], those in the trade had all the elements available to them" to achieve the objectives of the patent in suit, but were unable to achieve those results by "using then known methods," and that the patent "eliminated a technical block in the practical implementation of the prior art,"

   (b) without adjudging any findings of fact "clearly erroneous," and

   (c) declaring "We are not holding the * * * patent invalid,"

   may, nevertheless, vacate the trial court's judgment that the patent is valid, without remanding the case to the trial court for further consideration.

3. Whether a Court of Appeals that finds itself unable to adjudge a patent invalid, and that accepts the trial court's findings of fact, that:

   (a) a prior art patent not cited to the Patent Office "is no better than the art considered and rejected by the Patent Office," and

   (b) the Patent Office examiner "had all of the most pertinent art before him,"

   may (on the ground the prior patent should have been cited to the Patent Office "coupled with an explanation as to why it does not constitute anticipation") vacate the trial court's judgment that the patent is valid without remanding the case to the trial court.

STATUTES AND RULE INVOLVED

Statutes:

35 U.S.C. 101. Inventions patentable

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title. July 19, 1952, c. 950, § 1, 66 Stat. 797.

35 U.S.C. 102. Conditions for patentability; novelty and loss of right to patent

A person shall be entitled to a patent unless—

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application filed more than twelve months before the filing of the application in the United States, or

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or

(f) he did not himself invent the subject matter sought to be patented, or

(g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. In determining priority of invention there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other. July 19, 1952, c. 950, § 1, 66 Stat. 797.

35 U.S.C. 103. Conditions for patentability; non-obvious subject matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented

and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. July 19, 1952, c. 950, § 1, 66 Stat. 798.

35 U.S.C. 131. Examination of application

The Commissioner shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Commissioner shall issue a patent therefor. July 19, 1952, c. 950, § 1, 66 Stat. 801.

35 U.S.C. 271. Infringement of patent

(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.

(b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.

(d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason

of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement. July 19, 1952, c. 950, § 1, 66 Stat. 811.

35 U.S.C. 282. Presumption of validity; defenses

A patent shall be presumed valid. Each claim of a patent (whether in independent or dependent form) shall be presumed valid independently of the validity of other claims; dependent claims shall be presumed valid even though dependent upon an invalid claim. The burden of establishing invalidity of a patent or any claim thereof shall rest on the party asserting it.

The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liability for infringement or unenforceability,

(2) Invalidity of the patent or any claim in suit on any ground specified in part II of this title as a condition for patentability,

(3) Invalidity of the patent or any claim in suit for failure to comply with any requirement of sections 112 or 251 of this title,

(4) Any other fact or act made a defense by this title.

In actions involving the validity or infringement of a patent the party asserting invalidity or noninfringement shall give notice in the pleadings or otherwise in writing to the adverse party at least thirty

days before the trial, of the country, number, date, and name of the patentee of any patent, the title, date, and page numbers of any publication to be relied upon as anticipation of the patent in suit or, except in actions in the United States Court of Claims, as showing the state of the art, and the name and address of any person who may be relied upon as the prior inventor or as having prior knowledge of or as having previously used or offered for sale the invention of the patent in suit. In the absence of such notice proof of the said matters may not be made at the trial except on such terms as the court requires. July 19, 1952, c. 950, § 1, 66 Stat. 812, amended July 24, 1965, Pub.L. 89-83, § 10, 79 Stat. 261.

35 U.S.C. 283. Injunction

The several courts having jurisdiction of cases under this title may grant injunctions in accordance with the principles of equity to prevent the violation of any right secured by patent, on such terms as the court deems reasonable. July 19, 1952, c. 950, § 1, 66 Stat. 812.

Federal Rules of Civil Procedure:

Rule 52. Findings by the court

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, and judgment shall be entered pursuant to Rule 58; and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Requests for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the cred-

ibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41(b). * * * As amended Dec. 27, 1946, eff. March 19, 1948; Jan. 21, 1963, eff. July 1, 1963.

STATEMENT OF CASE

This case brings to the Court two patents, *viz.*:

No. 3,363,422, of which Lee Turzillo, petitioner here, is the inventor, applied for on March 19, 1965, and issued January 16, 1968. It covers a method and apparatus for anchoring a tie-down bar used in the construction of footings, as for example, in building skyscrapers and other structures, and in anchoring earth walls to prevent cave-ins during construction. The tie-down bar, a long, steel-reinforced concrete pin (which may be as much as 80 feet in length and 4 to 16 inches in diameter) can be sunk into the perpendicular wall left when entrenchments are made, at an angle of, say 45° or so (much like a picture hanger driven into the wall) to hold planking in place to prevent the earth wall from collapsing.

No. 3,464,216, of which Lee Turzillo, petitioner here, is also the inventor, applied for on January 8, 1968, issued September 2, 1969. It covers a method and means for forming cast-in-place reinforced concrete piles, an improvement on the earlier patent, also used in forming footings in the construction of large structures.

Under both patents the hole is dug by an auger (as if for a fence post, only deeper) and concrete is fed in as the

auger is withdrawn, leaving a solidified concrete pin reinforced by a steel rod or rods or cables centered in the pile.

The infringement complained of occurred in the District of Columbia in the construction of the Washington Metropolitan Area Transit Authority's Operations Center at 5th and G Streets, N.W., and in the construction of the National Gallery of Art and the Union Station branch of the new District of Columbia subway system. (A2.)

The district court held the tie-down patent valid but not infringed and the concrete pile patent valid and infringed. (A2-3.)

The Court of Appeals, without finding any of the trial court's fact findings "clearly erroneous," vacated the judgment that the tie-down patent is valid, and, without remanding the case to the trial court, merely said, "We are *not* holding the '422 [tie-down] patent invalid."* As to the other patent, the Court of Appeals, "on the ground of obviousness" (A17), reversed the trial court's judgment that the patent is valid.

The trial court found:

> "as early as 1956 [12 years before the tie-down patent], those in the trade had all the elements available to them to form tension piles in the manner of Turzillo [tie-down patent] '422. Yet, for one reason or another, tension piles could not be formed efficiently using these known methods. The testimony of Mr. Turzillo and Mr. Liver, an officer of the Turzillo Company, showed that in the mid-sixties Intrusion Prepakt was still using the Patterson method of first forming the pile and then manually inserting the steel tendon into the formed pile. However, this method could not produce the desired results and in at least one tie back job done for the Gulf Power Company in Louisiana Intrusion Prepakt was replaced by Tur-

* Emphasis supplied throughout.

zillo's company. Intrusion Prepakt now holds licenses under both the [tie-down] '422 and the [concrete pile] '216 patents. Indeed, defendant's first attempt to construct tie backs under their contracts in Washington was to use the even older percussion method of driving pipes into the ground and manually inserting the reinforcing bar after drilling. This method, however, resulted in too many failures. Defendants then switched to the methods now accused of infringement and thereafter had no test failures after the pile was formed." (A5-6, 31.)

The Court of Appeals ruled: "As to such findings [*i.e.*, those above quoted] we see no reason for appellate intervention." (A6.)

The Court of Appeals did not hold *any* finding of fact "clearly erroneous." Instead, it dealt with the case as if it were the trial court, free to announce its own judgment without regard to the findings of fact.

The turning point in the Court of Appeals was that the Phares patent (No. 3,200,599 of August 17, 1965) "was not called to the attention of the patent examiner." (A6.) As to this patent, the trial court, in findings the Court of Appeals did not hold "clearly erroneous," found:

> "the Phares device has never been successfully used commercially in the United States" (A9) and
>
> "Phares is no better than the art considered and rejected by the Patent Office * * *." (A9.)

The Court of Appeals did not hold these findings "clearly erroneous." Instead the Court of Appeals announced the mistaken view that:

> "even one prior art reference not cited to the examiner overcomes the presumption" [of validity] (A11)

and adopted the surprising rule that there is a duty to disclose to the Patent Office "matters that are relevant *even though* the applicant feels they do not establish anticipation" (A12) coupled "with an explanation as to why it does not constitute anticipation." (A12.)

If this is the law then the patent system, which many believe is the basis of American industrial strength, is in deep trouble. Under the rule the Court of Appeals applied, the applicant for a patent will have to swamp the Patent Office by citing every patent known to him, even when it "is no better than the art considered and rejected by the Patent Office." (A9.)

REASONS FOR ALLOWANCE OF WRIT

1. It is not the job of a Court of Appeals in a patent case, or any other, to retry the facts. A Court of Appeals is obligated to accept the facts as found by the trial court unless the Court of Appeals is prepared to adjudge them "clearly erroneous." If Courts of Appeals, as here, retry cases as if they were the court of first instance, the only result will be to further clog appellate dockets already so heavily burdened as to threaten the whole system of appellate review.

As Charles Allen Wright has pointed out in his perceptive discussion, *The Doubtful Omniscience of Appellate Courts*, 41 MINNESOTA LAW REVIEW 751, retrial of the facts by appellate courts serves only to breed more appeals:

> "Such a course impairs the confidence of litigants and the public in the decisions of the trial courts, *and it multiplies the number of appeals.* Until recently if a defendant thought an award of damages was excessive, he nevertheless had no choice but to pay it, for no appellate court would listen to his attack on it. Now, in similar circumstances, he will appeal. * * * We need not worry too much that an increase in appeals will mean overwork for appellate judges; they,

after all, have invited the increase. But we should worry about the consequences of more numerous appeals for the litigants and the public. * * * It is literally marvelous that, at a time when the entire profession is seeking ways to minimize congestion and delay in the courts, we should set on a course *which inevitably must increase congestion and delay.*" 41 MINNESOTA LAW REVIEW at 779-780.

Professor Wright adds:

"it may well be, as *Blackstone* says, that 'next to doing right, the great object in the administration of public justice should be to give public satisfaction.' It is hard to believe that there has been any great public dissatisfaction with the restricted appellate review which was traditional in this country. Very early in our history Chief Justice Ellsworth [in *Wiscart v. Dauchy*, 3 U.S. (3 Dall.) 320, 329 (1796)] observed:

> 'But surely, it cannot be deemed a denial of justice, that a man shall not be permitted to try his case two or three times over.'

Yet increased review is likely to lead to quite tangible public dissatisfaction. Every time a trial judge is reversed, every time the belief is reiterated that appellate courts are better qualified than trial judges to decide what justice requires, the confidence of litigants and the public in the trial courts will be further impaired. Under any feasible or conceivable system, our trial courts must always have the last word in the great bulk of cases. I doubt whether there will be much satisfaction with the judgments of trial courts among a public which is educated to believe that only appellate judges are trustworthy ministers of justice.

Finally, to come to the very heart of the issue, is there any reason to suppose that the result an appellate court reaches on the kinds of issues discussed is more likely to be 'just' than was the opposite result reached by the trial court? Judge Chase's observation, quoted earlier [in *Orvis v. Higgins*, 180 F.2d 537, 542 (2d Cir.), *cert. denied*, 340 U.S. 810 (1950)], is in point here:

> 'Though trial judges may at times be mistaken as to facts, appellate judges are not always omniscient.'" 41 MINNESOTA LAW REVIEW at 780-781.

It is high time, and here is the opportunity, for this Court to adopt for appeals generally, as it did for tax cases, a *Dobson* rule. The rule in tax cases is that on appeals from the Tax Court the courts are not to retry accounting facts. *Dobson v. Commissioner of Internal Revenue* (1943), 320 U.S. 489. Mr. Justice Jackson, referring to the Tax Court, put it this way:

> "It deals with a subject that is highly specialized and so complex as to be the despair of judges. It is relatively better staffed for its task than the judiciary." 320 U.S. at 498.

The Justice pointed out that upon review:

> "conflicts are multiplied by treating as questions of law what really are disputes over proper accounting. The mere number of such questions and the mass of decisions they call forth become a menace to the certainty and good administration of the law." 320 U.S. at 499.

The Court thereupon laid down the rule (which might well be applied not only to patent cases but to appealed cases generally) that the decision under review:

> "of course, must have 'warrant in the record' and a reasonable basis in the law. But the judicial function is exhausted when there is found to be a rational basis for the conclusions approved by the administrative body.'" 320 U.S. at 501.

In short, Courts of Appeals should be told they are not to retry the facts. They have two tasks: (a) to determine whether findings are "clearly erroneous," and if not,

abide by them, and (b) to determine whether the law has been correctly applied to those facts.

This will not solve the whole problem of appellate court congestion. But it will help.

Here is a way to curb the flood by cutting down the flow—the solution Judge Friendly has suggested for congested appellate dockets. 59 COLUMBIA LAW REVIEW 634.

2. A Court of Appeals that, as here, is unable to hold the trial court's findings "clearly erroneous" and unable to hold the patent invalid, is not entitled to vacate the trial court's judgment, or to do so without remanding the case to the trial court. Courts of Appeals should be told they are not authorized to re-try cases or to leave appeals in a state of "unfinished business."

3. The rule the Court of Appeals adopted, obligating the patentee to cite non-anticipating art to the Patent Office, will bring the examination of patents to a grinding halt. More than a dozen years ago the Commissioner of Patents proposed to amend Patent Office Rule 104 to *require* the applicant for a patent to list "the published art * * * known to him at the time of the application, and believed by the applicant to be significantly pertinent to the claimed invention." FEDERAL REGISTER, July 24, 1963, p. 7513.

After public hearings, the Commissioner withdrew his proposed amendment. Instead the Commissioner *invited* applicants to supply citations "which in their opinion may be helpful to the Office in its examination of the application." 797 PATENT OFFICE GAZETTE 733.

The result was that the Patent Office *was engulfed by citations* to the point where the Commissioner complained that citations of prior art:

> "in some instances have comprised lists of more than 50 patents * * *." 805 PATENT OFFICE GAZETTE 294.

The Commissioner said such lists "are not helpful" and suggested citations be limited to 10. 805 PATENT OFFICE GAZETTE 294. Even this proved too much and the Commissioner reduced the number to *five* "unless a satisfactory explanation is given as to why more than five citations are necessary * * *." MANUAL OF PATENT EXAMINING PROCEDURE, § 707.05(b), added by Revision 13 of July 1967. The Commissioner in that amendment explained that the responsibility for examining the application rests with the Patent Office under 35 U.S.C. 131; all he wanted was a few citations to give the examiner a fast start.

The latest revision of §707.05(b), added by Revision No. 48 of April, 1976, does not specify the number of citations to be applied, but does say in §707.05(b)(2)(c) that:

> "Submitted citations will not in any way diminish the obligation of examiners to conduct independent prior art searches,"

and that:

> "applicant has the responsibility of determining whether or not such material is sufficiently relevant to the claimed invention * * *."

The rule the Court of Appeals adopted is in the face of unreversed findings by the trial court that the patent examiner "had all of the most pertinent art before him" (A7) and that the matter omitted "is no better than the art considered and rejected by the Patent Office * * *." (A9.)

The rule the Court of Appeals imposed has in it the very vice this Court condemned in *TSC Industries, Inc. v. Northway, Inc.* ____ U.S. ____, decided June 14, 1976, with respect to disclosures required under S.E.C. Rules in Proxy statements. This Court ruled:

> "if the standard of materiality [of information that must be disclosed] is unnecessarily low, not only may the corporation and its management be subjected to liability for insignificant omissions or misstatements, but also management's fear of exposing itself to substantial liability [or, in patent cases, to the loss of its patent] may cause it simply *to bury the shareholder in an avalanche of trivial information*—a result that is hardly conducive to informed decision making."

For precisely this reason the rule the Court of Appeals has fashioned serves ill the patentee, the Patent Office, and the public.

Moreover, the rule strips the applicant for a patent of the discretion he is directed to exercise to determine the substantive content of uncited art vis-a-vis the content of the art cited by the examiner to determine whether such uncited art should be drawn to the attention of the examiner as relevant. Such rule is in direct conflict with the rule in other circuits as reflected by the holding of the Fifth Circuit in *Eli Lilly and Company, Inc. v. Generix Drug Sales, Inc.* (Fifth Circuit, 1972), 460 F.2d 1096:

> "The trial court found that Dr. Pohland did not consider the Chen compound a relevant prior disclosure. * * * Since, if he had called it to the examiner's attention he would have made the undisputable assertion that it lacked the essential value of propoxyphene, we cannot say its nondisclosure violated any basic concept of doing equity. * * * Without in the least undermining *Beckman's* [439 F.2d 1369] mandate to leave to the patent office such decisions as it is able to make concerning the effect of prior art, we hold that while this rule requires no less than full, frank disclosure, it does not mean an applicant must list out the full spectrum of his knowledge to establish bona fides." 460 F.2d 1102-1103.

CONCLUSION

The case presents substantial questions of importance to the patent system and to the appellate process in general that merit the attention of this Court.

Respectfully submitted,

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OPINION OF COURT OF APPEALS

532 F.2d 1393

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 75-1079 and No. 75-1080

LEE A. TURZILLO, *et al.*,
Appellees,

v.

P. & Z. MERGENTIME, *Appellant.*

APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA
(D.C. CIVIL 792-72)

(Argued January 19, 1976)

(Decided April 8, 1976)

Charles E. Townsend, Jr., San Francisco, Cal., of the bar of the Supreme Court of California pro hac vice by special leave of Court, with whom Edward F. McKie, Jr., Washington, D. C., was on the brief for appellant in No. 75-1079 and appellee in No. 75-1080.

Donald L. Otto, Cleveland, Ohio, with whom Donald D. Jeffery, Washington, D. C., was on the brief for appellees in No. 75-1079 and appellants in No. 75-1080.

Before McGOWAN and LEVENTHAL, Circuit Judges, and ALBERT V. BRYAN, JR.,* United States District Judge for the Eastern District of Virginia.

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*Sitting by designation pursuant to 28 U.S.C. § 292(d).

Opinion for the Court filed by Circuit Judge LEVENTHAL.

LEVENTHAL, *Circuit Judge*:

This is an appeal from an interlocutory judgment of the District Court holding two patents issued to plaintiff-appellee Lee A. Turzillo valid, and finding infringement by defendant-appellant P & Z Mergentime[1] with respect to the later issued patent. One is United States Patent No. 3,363,422 ('422 Patent), issued January 16, 1968, for a method and apparatus for anchoring a tie-down bar in an earth situs. The other is United States Patent No. 3,464,216 (the '216 Patent), issued September 2, 1969, for a method and means for forming cast-in-place reinforced concrete piles. On April 24, 1972, Lee A. Turzillo and Lee Turzillo Contracting Co., the licensee of the patents, filed a complaint charging P & Z Mergentime with infringement of claim 1 of the '422 patent and claims 1-6 of the '216 patent arising from the defendant's installation of tie backs at WMATA's operations center at 5th and G Streets, N.W., the National Gallery of Art (NGA), and the Union Station branch of the new District of Columbia subway system. Plaintiffs alleged that the '422 patent was infringed by defendant's continuous auger method, used principally at the operations center and NGA, and that the '216 patent was infringed by defendant's use of the sectional auger method, employed at Union Station.

On October 29, 1974, the trial court, sitting without a jury, issued a Memorandum Opinion, followed by a Judgment, filed November 25, 1974, declaring '422 valid as to claim 1 and '216 valid as to claims 1-6; and ruling that defendant had not infringed '422 but had infringed claims

1. A joint venture company composed of P & Z Company, Inc., a California corporation, and Mergentime Corporation, a Delaware corporation.

of 1-6 of '216 through its sectional auger method. The trial court enjoined further infringement, and referred the case to an auditor to determine damages.

I. '422 PATENT

The District Court opinion is largely devoted to a discussion of the prior art and the validity of the '422 patent. We have doubts about the ruling that the '422 patent is valid but we simply vacate that ruling rather than resolve the issue of validity in this litigation since, in any event, we are satisfied that the findings by the judge concerning noninfringement were not clearly erroneous.

A. *The Patent*

We begin by repeating, almost verbatim, the District Court's description of the patent—compiled with an acknowledgment that we doubt we could have understood it without the aid of the diagrams in the patents and briefs of counsel.

The '422 patent relates to a method and apparatus for anchoring a tie-down bar in an earth situs using a hollow-shafted auger or drill. The central passage of the drill is closed at its inner end by a driving bit, which is a unit separate from the drill. The driving bit consists of a cutting member, sometimes a flat, pointed piece of steel which assists in forming the hole; a base plate or closure plate which covers the lower end of the drill; and a cylinder portion which is attached to the back side of the plate. The cylinder portion may be square or round and may or may not be threaded. Its function is to accept a steel tendon or reinforcing bar. The bar, whose length will be the entire length of the hole to be formed, is welded or threaded to the base plate at its center and is inserted into the central passageway of the auger before drilling. Af-

ter the bit with its reinforcing bar is loaded onto the drill, the bit is releasably connected to the shaft of the drill so that there is no relative motion between the drill shaft and the bit. The bit and the drill thus act as a unit in forming the hole. In the preferred form of plaintiff's invention, the driving bit is releasably retained at the inner end by a pin which is inserted through the reinforcing bar at the top of the drill and which spans the outer diameter of the drill so that it acts, simultaneously, as a drive to rotate the bit and a means to lock the driving bit to the inner end of the drill. In the field, however, Turzillo used other, equivalent means, such as wood shims, cloth, or a ball-spring detent device at the lower end of the drill to wedge the driving bit into the inner diameter of the shaft. Also commonly used by plaintiff to accomplish an equivalent releasable connection was ordinary bailing wire wrapped about the tip of the driving bit and an outer portion of the drill shaft. After drilling, the bit and tie-down bar are released from the drill. The bit then acts as an anchor for the bar while the drill is progressively removed from the hole and fluid cement is fed through the central passageway of the drill to form a concrete column.

The result of this method is a column of concrete surrounding a steel tendon which has been accurately centered within the column. Such tie backs are not the equivalent of the familiar concrete columns into which reinforcing bars have been inserted. By using steel of varying tensile strengths and by accurately centering the tendons, tie backs or tie-downs may be constructed which are used, among other uses, to hold back earth walls in excavation sites thus relieving the site of a great deal of clutter and allowing actual construction to proceed much faster, to hold buildings firmly down, or to keep buildings from sinking.

B. *District Court's Rulings as to Prior Art*

The District Court examined the leading examples of prior art cited by defendant.[2] It noted that with the exception of Phares, the patent examiner had all this art before him, and concluded that it saw no reason to overturn his decision to issue a patent on claim 1 of '422.

The District Court's judgment as to these matters is fairly indicated by its discussion of the prior Patterson patent and Turzillo's improvement thereon, as follows:

> Patent No. 2,729,067 to Patterson in 1956 showed the use of a drill to define a cavity in the earth and, in one embodiment, the use of a hollow shafted auger through which cement grout is passed is proposed. In this embodiment, grout pressure is used to drive the driving bit from the auger shaft.
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> Thus, as early as 1956, those in the trade had all the elements available to them to form tension piles in the manner of Turzillo '422. Yet, for one reason or another tension piles could not be formed efficiently using these known methods. The testimony of Mr.

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2. (1) U.S. Patent No. 1,805,265 to Taussig for a screw conveyor pile, published May 12, 1931, assigned to Raymond Concrete Pile Company of New York;

(2) U.S. Patent No. 2,146,645 to Newman for foundation construction, published February 7, 1939;

(3) U.S. Patent No. 2,729,067 to Patterson for a method for forming piles, published January 3, 1956, assigned to Intrusion Prepakt, Inc.;

(4) German printed application No. 1,104,905 to Bauer for a traction anchor for anchoring structures in the ground, published April 13, 1961;

(5) U.S. Patent No. 3,200,599 to Phares for apparatus for forming piles, published August 17, 1965, assigned to Raymond International, Inc.;

(6) U.S. Patent No. 3,228,200 to Dufresne for a method of forming concrete piles, published January 11, 1966.

Turzillo and Mr. Liver, an officer of the Turzillo Company, showed that in the mid-sixties Intrusion Prepakt was still using the Patterson method of first forming the pile and then manually inserting the steel tendon into the formed pile. However, this method could not produce the desired results and in at least one tie back job done for the Gulf Power Company in Louisiana Intrusion Prepakt was replaced by Turzillo's company. Intrusion Prepakt now holds licenses under both the '422 and the '216 patents. Indeed, defendant's first attempt to construct tie backs under their [sic] contracts in Washington was to use the even older percussion method of driving pipes into the ground and manually inserting the reinforcing bar after drilling. This method, however, resulted in too many failures. Defendants then switched to the methods now accused of infringement and thereafter had no test failures after the pile was formed.

(J.A. 11-12).

As to such findings we see no reason for appellate intervention. A different question arises, however, in connection with the Phares patent. It was not called to the attention of the patent examiner. It was published August 17, 1965, after the filing of Turzillo's application on March 19, 1965, but well before the issuance of the '422 patent on January 16, 1968. The District Court rejected defendant's contention that the '422 patent should be held invalid because of the applicant's failure to cite Phares to the patent office during prosecution of the application. It stated:

> Defendant cites *Beckman Instruments, Inc. v. Chemtronics, Inc.*, 428 F.2d 555 (5th Cir. 1970); *Monsanto Co. v. Rohn & Haas, Inc.*, 456 F.2d 592 (3d Cir. 1972); *Carter-Wallace v. Davis-Edwards Corp.*, 443

> F.2d 867 (2d Cir. 1971); and *Norton v. Curtiss*, 433 F.2d 779, 57 CCPA 1384 (1970), in support of its position. None of these cases stand for the proposition that the mere failure to cite a reference, without more, is grounds for invalidating a patent. To be sure an applicant has a high duty to inform the Patent Office of all pertinent facts affecting the prosecution of his application. But the examiner in his initial search, searched the subclass in which Phares was classified and cited the Dufresne and Newman references from that subclass as prior art.[3] At this point, as is discussed below, the examiner had all of the most pertinent art before him. Assuming Turzillo actually knew of the Phares at this time, he could as well have been of the opinion that Phares was not pertinent to his invention. Defendant has made no showing, and has not attempted to show, the wilful nature of plaintiffs' failure or a recognition or admission on the plaintiffs' part that Phares should have been brought to the examiner's attention. Moreover, Phares is not a 102 reference,[4] as was the case in *Beckman*, and does not completely negate the '422 claims. On the basis of the record before the court, the court rejects defendant's contention. However, to the extent that the presumption of validity is affected by the possibility that the examiner did not have Phares before him, the court will more closely examine '422 against the prior art including Phares.

(J.A. 9-10).

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3. The examiner did cite Phares during the prosecution of the related '216 application. However, Phares was cited there merely in passing as an exemplar of pertinent art and never expressly relied upon during the prosecution by the examiner.

4. 35 U.S.C. 102.

As appears from the foregoing, the District Court indicated that it would closely examine '422 in view of the failure to disclose the Phares patent. However, when it came to examining the significance of Phares, its analysis consisted of the following:

> Finally, the Phares device, as disclosed in Figures 22-24 of the specification is an attempt to combine all the known elements to form a tension pile with steel tendons centrally located within the pile. However, the Phares device is significantly more complex than that of Turzillo, as a comparison of the disclosure of Turzillo with that of Phares, Figures 22-24 and accompanying text, will illustrate.
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> The examiner had before him all the art cited above with the exception of Phares and in the face of these references issued claim one of '422. The court sees no reason to overturn his decision. The installation of tension pile or tie backs is a relatively new field. If a new combination and arrangement of known elements produces a new and beneficial result, never attained before, it is evidence of invention. *Maschinenfabrik Rieter A.G. v. Greenwood Mills*, 340 F.Supp. 1103 (D.S.C.1971). None of the cited references completely anticipates plaintiffs' claimed invention. In determining obviousness under 35 U.S.C. § 103 hindsight reconstruction of the prior art after the invention's commercial acceptance is not the applicable standard. *Id.; Simplicity Mfg. Co. v. Quick Mfg. Co.*, 355 F.2d 1012 (6th Cir. 1966). The development of the prior art in this case and the responses of those laboring in the field to make the same invention, as illustrated by the patent to Phares, a recognized leader in the field, indicate that Turzillo's method and device eliminated a technological block in the practical implementation of the prior art. This itself is strongly supportive of the lack of obviousness.

> With respect to the Phares patent and the validity of claim 1 in view of its disclosure, the court believes claim 1 of '422 to be patently distinct from Phares. Phares does not show a driving bit which *closes* the inner end of the hollow shaft. The Phares bit is held onto the inner end of the auger shaft but the closure plate, element no. 145 actually *closes* the inner end not the driving bit. In addition, Phares does not show releasing the driving bit and the steel tendon attached thereto in substantially centered position within the hole. Defendant failed to show how these distinctions are but obvious improvements over Phares. Its one technical witness had no experience with tie backs before joining defendant's company in Washington. In addition, the testimony of one of plaintiff's witnesses, Mr. Marshall, indicates that the experimental prototype for the Figure 22 embodiment of Phares was unworkable. It is also unrefuted in the record that the Phares device has never been successfully used commercially in the United States. It appears to the court that Phares is no better than the art considered and rejected by the Patent Office and, therefore, would not have changed the Examiner's decision with respect to claim 1 of '422.
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> Since a patent is presumed to be valid, 35 U.S.C. § 282, and since the defendant failed in its burden of establishing invalidity, the court holds that claim 1 of '422 is valid.

(J.A. 12-14).

C. *Problems Arising out of Phares Patent*

An appellate court is diffident in injecting itself into issues that turn on perception of the facts. But we must voice our concern over the way in which the District Judge handled the matter of the Phares patent. We are not particularly troubled by his mistake in saying that Phares does not show release of the driving bit in substantially centered position. Plaintiffs' brief posits that this was a slip of the pen and that the trial court said "driving bit" when he meant to say "valve plate." More importantly, the District Court has not clearly grappled with the significance of the disclosure in Phares as anticipating at least major elements of Turzillo.

Certainly Phares resembles Turzillo in presenting (a) a hollow auger, that is (b) closed by a driving bit and valve plate while the drilling is under way (to prevent the earth from coming back through the auger), and includes (c) a central reinforcing rod.

There are distinctions between the Phares patent and Turzillo's. Phares proposes three rods, all within the auger; Turzillo, one rod. More important, Phares was so constructed that the valve plate could be withdrawn, and not left in the hole. While the matter is not entirely clear from the Phares patent, the withdrawal of the valve plate is presumably related to the use by Phares of a pressure sensing system to measure the pressure of the cement grout in the lower region of the drill so that the rate of withdrawal of the drill may be correlated with the rate of flow of the grout. Phares Patent, columns 15-16 (J.A. 394). There is little doubt that, as the trial judge found, Phares is more complex than Turzillo. It tried to do more things. As the trial judge noted, Turzillo showed distinc-

tions from Phares,[5] but the judge did not articulate whether, and in what respect, those distinctions were material. Nor do we discern wherein he grappled with the question of whether, if one takes the method disclosed by Phares' patent as a beginning, any differences by Turzillo —accepting them as simplifications and advances—were obvious vel non. Since the Phares patent was not before the examiner, this is a matter which should have been specifically explored by the judge.

We are aware that the District Judge said that because Phares was not before the examiner he "will more closely examine '422 against the prior art including Phares." However, the examination actually undertaken was cursory. And the court's concluding paragraph restates the statutory presumption of validity and finds '422 valid "since the defendant failed in its burden of establishing invalidity" (J.A. 14). We discern overall a continuing presumption accorded to the patent which was error insofar as it applied to Phares. The statutory presumption of validity does not apply to prior art not cited to the Patent Office,[6] and even one prior art reference not cited to the examiner overcomes the presumption.[7]

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5. At oral argument in this court, plaintiffs stressed that Phares' valve plate is a separate element from the drill bit, and held in place by pins and posts, whereas Turzillo shows the valve plate welded to the bit; and that Phares' drill bit does not perform the valving function, whereas Turzillo shows the bit to have a dual function of both drilling the hole and providing a closure (to prevent the dirt from coming up the hollow shaft of the auger).

6. *See, e. g., AR Inc. v. Electro Voice, Inc.*, 311 F.2d 508, 512-13 (7th Cir. 1962); *Hobbs v. Wisconsin Power & Light Co.*, 250 F.2d 100, 105 (7th Cir. 1957), *cert. denied*, 356 U.S. 932, 78 S.Ct. 774, 2 L.Ed.2d 762 (1958); *Royal Patent Corp. v. Monarch Tool & Mfg. Co.*, 203 F.2d 299, 300 (6th Cir. 1953).

7. *See, e. g., Simmons Co. v. Hill-Rom Co.*, 352 F.2d 886, 888 (7th Cir. 1965).

D. *Issue of Non-disclosure of Phares Patent*

On the issue of non-disclosure of the Phares patent to the examiner, the judge put it that assuming Turzillo knew of Phares "he could [have] been of the opinion that Phares was not pertinent to his invention." The trial judge also notes that Phares "does not completely negate the '422 claims."

Obviously, duty to disclose to the patent office arises for matters that are relevant even though the applicant feels they do not establish anticipation. Indeed any disclosure would be routinely coupled with an explanation as to why it does not constitute anticipation. The duty of disclosure to the patent office is enhanced by the consequence that issuance of a patent by the patent office is accorded a presumption of validity, even though the proceeding before the patent office is not adversary and is dependent upon examination by an official who may not equal in resources those who are in the field commercially, and who does not have the extra spark of an economic incentive to avoid the tribute or other restraint that may be exacted by a patentee.[8] Thus, the applicant for a patent owes "the highest degree of candor and good faith" to the Patent Office, *Kingsland v. Dorsey*, 338 U.S. 318, 319, 70 S.Ct. 123, 124,

8. The ex parte prosecution and examination of a patent application must not be considered as an adversary proceeding and should not be limited to the standards required in inter partes proceedings. With the seemingly ever-increasing number of applications before it, the Patent Office has a tremendous burden. While being a fact-finding as well as an adjudicatory agency, it is necessarily limited in the time permitted to ascertain the facts necessary to adjudge the patentable merits of each application. In addition, it has no testing facilities of its own. Clearly, it must rely on applicants for many of the facts upon which its decisions are based. The highest standards of honesty and candor on the part of applicants in presenting such facts to the office are thus necessary elements in a working patent system.

Norton v. Curtiss, 433 F.2d 779, 793-94, 57 CCPA 1384 (1970).

94 L.Ed. 123, 126 (1949), "an uncompromising duty to report to [the Patent Office] all facts concerning possible fraud or inequitableness underlying the applications in issue," *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U.S. 806, 818, 65 S.Ct. 993, 999, 89 L.Ed. 1381, 1388 (1945).

Plaintiffs' counsel insists that there is no showing that Turzillo knew of Phares. He concedes that there is a showing that Turzillo's patent counsel was advised of the Phares patent. *See* J.A. 284. But he claims that this was not enough to constitute evidence that Turzillo's patent counsel knew of the significance of the Phares patent. Appellant's counsel replies that it is manifest that Turzillo's patent counsel, prosecuting an application described as a "method and apparatus for anchoring a tie-down bar in an earth situs," would have been aware of at least the potential importance of the issuance of Phares patent, described as "method for forming piles in situ."

We are aware of the considerable body of authority holding that mere negligent omission or misstatement before the Patent Office in the absence of a showing of intentional fraud or willfulness does not amount to the "unclean hands" which would bar enforcement of an otherwise valid patent,[9] although there are indications that a patent applicant may breach his affirmative duty of disclosure by negligence so extreme as to be described as

9. *See, e. g., Walker Process Equipment, Inc. v. Food Machinery & Chemical Corp.*, 382 U.S. 172, 177, 86 S.Ct. 347, 350, 15 L.Ed.2d 247, 251 (1965) (willful misrepresentation required to strip patentee of its exemption from the antitrust laws); *Bendix Corp. v. Balax, Inc.*, 421 F.2d 809, 819 (7th Cir.), *cert. denied*, 399 U.S. 911, 90 S.Ct. 2203, 26 L.Ed.2d 562 (1970) (same); *Tractor Supply Co. v. International Harvester Co.*, 155 U.S.P.Q. 420, 433 (N.D.Ill. 1967) (innocent misrepresentation without proof of intention or willfulness does not work forfeiture of patentee's rights).

recklessness or gross negligence but falling short of deliberate intent to deceive the examiner.[10] However, we are not required at this juncture to formulate what standard for non-disclosure of pertinent prior art bars enforcement of an otherwise valid patent. Even assuming the stricter willfulness standard obtains, we are not satisfied with the District Court's consideration. The District Judge assumed, for purpose of discussion, that Turzillo knew of Phares. But his approach was permeated by his cursory dismissal of the pertinency of Phares to Turzillo's claim in '422. And so there was no development of a complete record on how it came about that Phares was not brought to the attention of the examiner.

E. *Appellate Disposition*

In the foregoing context, this court concludes it will vacate that part of the trial judge's decree which declares that the Turzillo patent '422 is valid. We are not holding the '422 patent invalid. But the problems we have identified as to the Phares patent—of anticipation of Turzillo, and of Turzillo's failure to disclose—are sufficiently troubling that we would not wish to affirm the declaration of

10. *See Norton v. Curtiss*, 433 F.2d 779, 796, 57 CCPA 1384 (1970) ("Where public policy demands a complete and accurate disclosure it may suffice to show nothing more than the misrepresentations were made in an atmosphere of gross negligence as to their truth."); *cf. Monsanto Co. v. Rohm & Haas Co.*, 456 F.2d 592, 599-600 (3d Cir.), *cert. denied*, 407 U.S. 934, 92 S.Ct. 2463, 32 L.Ed.2d 817 (1972) (failure to disclose inconsistent representations made in prior applications "amounted to misrepresentation transgressing equitable standards of conduct owed the public"); *Xerox Corp. v. Dennison Mfg. Co.*, 322 F.Supp. 963, 968-69 (S.D.N.Y. 1971) ("recklessness indicating a disregard for [patentee's] duty of frankness" may bar enforcement of patent); *Scott Paper Co. v. Fort Howard Paper Co.*, 432 F.2d 1198, 1204-05 (7th Cir. 1970), *cert. denied*, 401 U.S. 913, 91 S.Ct. 882, 27 L.Ed.2d 812 (1971) (deliberate misrepresentation required except possibly where non-disclosed prior art is almost identical with the patentee's invention).

validity on this record. Instead we leave that question open, as we may properly do in view of our affirmance of the judgment that the defendant has not infringed '422 (even assuming validity). The issues concerning infringement are more factual and straightforward than those concerning validity, and we do not see any error in the trial court's handling of this matter.[11]

II. '216 PATENT

Having discussed the '422 patent and the prior art at some length, the trial judge disposed of the issue of validity of the '216 patent in somewhat summary fashion, finding it an improvement over the '422 patent and valid in light of his earlier discussion of the prior art. In the '216 patent, the claims do not contemplate a rod that is in the auger shaft while drilling takes place. Instead the rod is inserted after drilling is concluded. In the first instance, its function is to drive off by ramming force the bit from the inner end of the shaft, which permits the auger to be withdrawn (without the bit) and cement to be introduced

11. The trial judge found that in actual operation defendant's drill bit was not attached to the auger shaft, that defendant was satisfied with the loosely fitting bit to close the inner end of the shaft, which hopefully would fall off after drilling was complete, and that during drilling the bit was to be held onto the auger pin by downcrowding the bit against the shaft. Plaintiffs urge that the fact that defendant used bailing wire to keep bit and shaft together provided the "releasable connection" called for by the claim. The court found that the defendant used the wire not to form such a connection but rather to hold the two elements together *before* drilling, and the wire was expected to break off immediately after drilling commenced.

Plaintiffs conducted tests to show that the wire did not break off, but these were ex parte. Plaintiffs did not show that conditions were the same as at the Washington, D.C. work site, and the trial judge properly gave the tests little weight.

The court also found that defendant's rigid element (steel cable) was not axially centered within the auger shaft, as called for by '422 claim, but was welded to the side of the cylinder portion of the driving bit.

into the hole. Ultimately it becomes a reinforcing rod set in the cement.

With all respect, this summary treatment by the trial judge did not face up to the problem of this case. The '422 patent, regardless of its validity, was in the public domain, and it was incumbent on Turzillo to show that '216 marked a non-obvious advance over all prior art, including '422. The patentability of '216 is independent of the patentability of '422. That is, '216 may represent a non-obvious and patentable advance even though '422 was anticipated. Contrariwise '216 may be a modification that is obvious even though '422 was a valid patent, and if so the '216 patent is invalid, for Turzillo cannot receive two patents for what is in reality a single advance. The claim of patentable advance ("improvement") over '422 was particularly suspect here, because '216 rests on a different premise from '422. What '422 presented as an advance was the use of a reinforcing rod and drill bit as a unitary member placed in the auger shaft during drilling. What '216 presents is a reinforcing rod physically divorced from the drill bit, and used as a means of disengaging the closure after drilling.

We shall discuss presently whether '216 marked a non-obvious advance. We first pause to note that to some extent defendant also attacked the validity of the '216 patent in terms of lack of disclosure to the patent office. By this time, the examiner had become aware of Phares. But now, argues defendant, Turzillo failed to disclose that in the early 1950's in connection with a grout pipe situated alongside the drilling hole, he had used a rigid reinforcing rod to forcibly release a closure member from the bottom end of the passageway of the grout pipe (a closure needed to prevent earth from coming up and filling the passageway). Defendant contends that this "public use" resolved

the problem of post-drilling release of the closure member and should have been disclosed to the examiner. Plaintiffs respond that there was no duty to disclose this because the use of a rod to knock out the plug of the grout tube is not in the same domain as dropping the rod down the auger shaft to dislodge the drill bit. We need not dwell on the significance of this purported non-disclosure, because we find the '216 patent invalid on the ground of obviousness.

The concept of using a rod to knock out the closure of the grout tube was in the public domain, as plaintiffs concede, and there is nothing of patentable dimension in the change from one grout tube (alongside the drilling hole) to another (the hollow shaft of the auger which had just been devoted to drilling),[12] or in the change from one closure of the grout tube (the plug) to another (the bit). As for leaving the rod in the tube as a reinforcement, that is obvious from the '422 patent, where the rod that had just been in contact with the bit was left in as reinforcement after contact with the bit had ended. And certainly everything in the '422 patent is fully disclosed to the public, for purposes of considering whether a later disclosure (in '216) represents a non-obvious advance, regardless of whether the '422 patent itself is valid. While a combination of previously known elements may sometimes be non-obvious, that is plainly not the case before us.

In some cases a matter like this is best remanded to the District Court, so that it can exercise its judgment on the facts in the light of its exposure over days of trial, but in the present case the foregoing conclusion is so clear that we think that an initial appellate disposition is in the

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12. Plaintiffs concede that the prior art, particularly the second embodiment of the Patterson patent, discloses insertion of the grout through a hollow auger shaft (rather than a separate grout tube).

interest of sound administration of justice, *see* 28 U.S.C. § 2108.

The judgment holding patent 3,363,422 valid is vacated, and the Judgment holding it not infringed by defendant is affirmed. The Judgment holding patent 3,264,216 valid is reversed.

So ordered.

OPINION OF COURT OF APPEALS UPON REHEARING

532 F.2d 1402

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 75-1079 and No. 75-1080

LEE A. TURZILLO, *et al.*,
Appellees,

v.

P. & Z. MERGENTIME, *Appellant.*

(Filed June 2, 1976)

Before: McGOWAN and LEVENTHAL, *Circuit Judges;* BRYAN*, *U. S. District Judge* for the Eastern District of Virginia.

OPINION ON REHEARING

LEVENTHAL, *Circuit Judge*:

Plaintiffs call to our attention that the '422 patent was not prior art as to the '216 patent because the applications for these patents were in a state of co-pendency for a period of 8 days (from January 8, 1968, until January 16, 1968). The law is settled that "copending applications on which patents are granted to the same inventor must pass two tests of validity. They must constitute invention over the prior art, and they must be 'different' from each other

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*Sitting by designation pursuant to Title 28 U.S. Code Section 292(d).

in order to avoid double patenting." *Weatherhead Company v. Drillmaster Supply Co.*, 227 F.2d 98, 101 (7th Cir. 1955).

On the second of these inquiries, "[c]o-pending applications are not prior art as to each other; but this means only that when the applications are made by the same inventor and the doctrine of double patenting applies, the later patent need not show an inventive advance over what was disclosed but not claimed in the earlier patent and when determining whether double-patenting exists, only the claims are compared and the claim of the patent must show an invention beyond the claims of the first." 1 Deller's Walker on Patents § 62, at 306 (2d ed. 1964). On April 21, 1976, after the judgment of this court issued, petitioner Turzillo moved to avoid double patenting difficulties by filing a terminal disclaimer for the remaining life of the '216 patent after January 16, 1985, the expiration date of the '422 patent.

Double patenting was not at issue in this case. The District Judge characterized the '216 patent as "an improvement" over the '422 patent. Our opinion makes clear that the two patents rest on different premises. What our opinion deals with is the initial inquiry as to whether the '216 patent marked a nonobvious advance over the pertinent prior art. For this purpose, we believe there is some latitude for looking at the claims, as opposed to the unclaimed disclosures, of the '422 patent.

However, to avoid any misunderstanding as to the relationship between the two patents, we have given reconsideration to this case without recourse to either the disclosures or claims of the '422 patent. We relied on claim 1 of the '422 patent as to the use of a rigid rod as a reinforcement to be anchoringly embedded in a column of cementitious material.[1] This reliance was unnecessary. The location of reinforcing members in a concrete pile is a feature of the conventional "percussion method," as illustrated by the Newman patent—a teaching that is old in the art. With that modification, our original opinion demonstrates the lack of requisite invention in the '216 patent.[2]

Plaintiffs put it that a holding of obviousness by this court can only be based upon improper hindsight reconstruction of the prior art. All we can say is that we tried to be aware of the problem and to avoid the vice. "[T]he mere existence of differences between the prior art and an invention does not establish the invention's nonobviousness. The gap between the prior art and [plaintiffs'] system is simply not so great as to render the system nonobvious to one reasonably skilled in the art." *Dann v. Johnston*, ... U.S. ....., ..., 96 S.Ct. 1393, 1399, 47 L.Ed.2d 692, 700, 44 U.S.L.W. 4463, 4466 (1976). Ultimately, as was reinforced by the Supreme Court's most recent patent opinion, *Sakraida v. Ag Pro, Inc.*, ... U.S. ....., ..., 96 S.Ct. 1532, 1536-37, 47 L.Ed.2d 784, 790-91, 44 U.S.L.W. 4477, 4480 (1976), a court must exercise its judgment on this question of law, and is not controlled by commercial success or acceptance.

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1. Plaintiffs' petition points out that we misstate the teaching of the '422 patent in suggesting that "the rod that had just been in contact with the bit was left in as reinforcement after contact with the bit had ended." (at ..... of ..... U.S.App.D.C., at 1401-1402 of 532 F.2d). This was an inadvertence. We intended "drill" when we said "bit."

2. Plaintiffs' petition states that the claims of the '216 patent recite many limitations not considered by this court. These were not briefed or argued as demonstrating nonobvious advances.

JUDGMENT IN COURT OF APPEALS

(Filed April 8, 1976)

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 75-1079

LEE A. TURZILLO, *et al.*,
Appellees,

v.

P. & Z. MERGENTIME, *Appellant.*

No. 75-1080

LEE A. TURZILLO, *et al.*, *Appellants,*

v.

P. & Z. MERGENTIME,
Appellee.

APPEALS FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Before: McGOWAN and LEVENTHAL, Circuit Judges and ALBERT V. BRYAN, JR.,* United States District Judge for the Eastern District of Virginia.

JUDGMENT

These causes came on to be heard on the record on appeal from the United States District Court for the District of Columbia and were argued by counsel. On consideration of the foregoing and in accordance with the opinion of this Court filed herein this date, it is

*Sitting by designation pursuant to 28 U.S.C. § 292(d).

ORDERED AND ADJUDGED by this Court that the judgment holding patent 3,363,422 valid is vacated, and the judgment holding it not infringed by defendant is affirmed. The judgment holding patent 3,464,216 valid is reversed.

Per Curiam

For the Court

/s/ GEORGE A. FISHER
Clerk

Date: April 8, 1976

Opinion for the Court filed by Circuit Judge Leventhal.

ORDER OF THE COURT OF APPEALS UPON REHEARING

(Filed June 2, 1976)

UNITED STATES COURT OF APPEALS
FOR THE DISTRICT OF COLUMBIA CIRCUIT

No. 75-1079 and No. 75-1080

LEE A. TURZILLO, *et al.*,
Appellees,

v.

P. & Z. MERGENTIME, *Appellant.*

Before: McGOWAN and LEVENTHAL, *Circuit Judges;* BRYAN*, *U. S. District Judge* for the Eastern District of Virginia.

ORDER

On consideration of the petition for rehearing filed by plaintiffs Turzillo, it is

ORDERED by the Court that the aforesaid petition for rehearing is granted to the extent indicated in the supplemental opinion issued this date, and is otherwise denied.

Opinion filed by Circuit Judge LEVENTHAL on Petition for Rehearing.

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*Sitting by designation pursuant to Title 28 U.S. Code §292(d).

OPINION OF THE DISTRICT COURT

(Filed Oct. 29, 1974)

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 792-72

LEE A. TURZILLO and
LEE TURZILLO CONTRACTING COMPANY,
Plaintiffs,

vs.

P & Z MERGENTIME,
Defendant.

MEMORANDUM OPINION

This is an action for patent infringement filed by Lee A. Turzillo, an individual residing at Bath, Ohio, and the Lee Turzillo Contracting Company, an Ohio corporation with its principal place of business in Richfield, Ohio. Defendant P & Z Mergentime is a joint venture company composed of P & Z Company, Inc., a California corporation, and Mergentime Corporation, a Delaware corporation, having a regular and established place of business in Washington, D.C. The case has been tried and submitted to the court.

On January 16, 1968, United States Patent No. 3,363,422 (the '422 Patent) was issued to Lee A. Turzillo for a method and apparatus for anchoring a tie-down bar in an earth situs. On September 2, 1969, United States Patent No. 3,464,216 (the '216 Patent) was issued to Turzillo for

a method and means for forming cast-in-place reinforced concrete piles. Lee A. Turzillo entered into a license agreement with the Lee Turzillo Construction Company covering these two patents on November 1, 1969. The subject matter of this suit concerns the defendant's alleged infringement of claim 1 of the '422 patent and claims 1-6 of the '216 patent arising from the defendant's installation of tie backs at WMATA's operations center at 5th and G Streets, N. W., at the National Gallery of Art (NGA), and at the Union Station Branch of the new District of Columbia subway system.

During the installation of the tie backs defendant ultimately relied on two methods to complete its work—the continuous auger method which was used principally at the operations center and at NGA, and the sectional auger method which was employed at Union Station. Since the plaintiffs' complaint relating to the '422 patent goes only to the continuous auger method and that relating to the '216 patent to the sectional auger method, the court will consider the question of the validity and infringement of each patent separately.

The '422 Patent

Essentially, the defendant argues first that the '422 patent is invalid because Turzillo failed to notify the patent office of pertinent prior art relating to his invention or because there is no patentable distinction between the claimed invention in '422 and the prior art.[1] Alterna-

1. Defendant has made several arguments charging that during the prosecution of the two applications for the patents at issue here, plaintiffs made several concessions which restrict the scope of the claimed inventions. On review of the file histories, the testimony during the trial and the papers submitted by the parties on this point, the court rejects defendant's contention that plaintiffs are estopped from relying on the full scope of the claims at issue as now written.

tively, defendant argues that its continuous auger method does not infringe Turzillo's patent.

The '422 patent relates to a method and apparatus for anchoring a tie-down bar in an earth situs using a hollow-shafted auger or drill. The central passage of the drill is closed at its inner end by a driving bit, which is a unit separate from the drill. The driving bit consists of a cutting member, sometimes a flat, pointed piece of steel which assists in forming the hole, a base plate or closure plate which covers the lower end of the drill, and a cylinder portion which is attached to the back side of the plate. The cylinder portion may be square or round and may or may not be threaded. Its function is to accept a steel tendon or reinforcing bar. The bar, whose length will be the entire length of the hole to be formed, is welded or threaded to the base plate at its center and is inserted into the central passageway of the auger before drilling. After the bit with its reinforcement bar is loaded onto the drill, the bit is releasably connected to the shaft of the drill so that there is no relative motion between the drill shaft and the bit. The bit and the drill thus act as a unit in forming the hole. In the preferred form of plaintiff's invention, the driving bit is releasably retained at the inner end by a pin which is inserted through the reinforcing bar at the top of the drill and which spans the outer diameter of the drill so that it acts, simultaneously, as a drive to rotate the bit and a means to lock the driving bit to the inner end of the drill. In the field, however, Turzillo used other, equivalent means, such as wood shims, cloth, or a ball-spring detent device at the lower end of the drill to wedge the driving bit into the inner diameter of the shaft. Also commonly used by plaintiff to accomplish an equivalent releasable connection was ordinary bailing wire wrapped about the tip of the driving bit and an outer portion of the drill shaft. After drilling, the bit

and tie-down bar are released from the drill. The bit then acts as an anchor for the bar while the drill is progressively removed from the hole and fluid cement is fed through the central passageway of the drill to form a concrete column.

The result of this method is a column of concrete surrounding a steel tendon which has been accurately centered within the column. Such tie backs are not the equivalent of the familiar concrete columns into which reinforcing bars have been inserted. *See* the Patent to Newman, *infra*. By using steel of varying tensile strengths and by accurately centering the tendons, tie backs or tie-downs may be constructed which are used, among other uses, to hold back earth walls in excavation sites thus relieving the site of a great deal of clutter and allowing actual construction to proceed much faster, to hold buildings firmly down, or to keep buildings from sinking. Such tension piles form the basis for foundations in many of today's super skyscrapers.

Prior Art

The defendant cites several references which it argues renders the claimed invention in '422 obvious to one of ordinary skill in the art. The most pertinent examples of such prior art discussed during the trial are:

(1) U.S. Patent No. 1,805,265 to Taussig for a screw conveyor pile, published May 12, 1931, assigned to Raymond Concrete Pile Company of New York;

(2) U.S. Patent No. 2,146,645 to Newman for foundation construction, published February 7, 1939;

(3) U.S. Patent No. 2,729,067 to Patterson for a method for forming piles, published January 3, 1956, assigned to Intrusion Prepakt, Inc.;

(4) German printed application No. 1,104,905 to Bauer for a traction anchor for anchoring structures in the ground, published April 13, 1961;

(5) U.S. Patent No. 3,200,599 to Phares for apparatus for forming piles, published August 17, 1965, assigned to Raymond International, Inc.;

(6) U.S. Patent No. 3,228,200 to Dufresne for a method of forming concrete piles, published January 11, 1966.

Defendant urges vigorously that plaintiffs' failure to cite the Phares Patent to the Patent Office during prosecution of the application for the '422 patent is enough support standing alone for this court to declare the '422 patent invalid. Defendant cites *Beckman Instruments, Inc. v. Chemtronics, Inc.*, 428 F.2d 555 (5th Cir. 1970); *Monsanto Co. v. Rohn & Haas, Inc.*, 456 F.2d 592 (3d Cir. 1972); *Carter-Wallace v. Davis-Edwards Corp.*, 443 F.2d 867 (2d Cir. 1971); and *Norton v. Curtiss*, 433 F.2d 779 (CCPA 1970) in support of its position. None of these cases stand for the proposition that the mere failure to cite a reference, without more, is grounds for invalidating a patent. To be sure, an applicant has a high duty to inform the Patent Office of all pertinent facts affecting the prosecution of his application. But the examiner in his initial search, searched the subclass in which Phares was classified and cited the Dufresne and Newman references from that subclass as prior art.[2] At this point, as is discussed below, the examiner had all of the most pertinent art before him. Assuming Turzillo actually knew of Phares at this time, he could as well have been of the opinion that

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2. The examiner did cite Phares during the prosecution of the related '216 application. However, Phares was cited there merely in passing as an exemplar of pertinent art and never expressly relied upon during the prosecution by the examiner.

Phares was not pertinent to his invention. Defendant has made no showing, and has not attempted to show, the wilful nature of plaintiffs' failure or a recognition or admission on the plaintiffs' part that Phares should have been brought to the examiner's attention. Moreover, Phares is not a 102 reference,[3] as was the case in Beckman, and does not completely negate the '422 claims. On the basis of the record before the court, the court rejects defendant's contention. However, to the extent that the presumption of validity is affected by the possibility that the examiner did not have Phares before him, the court will more closely examine '422 against the prior art including Phares.

Taussig disclosed in 1931 a method of reinforcing a concrete pile formed by driving a hollow shafted screw conveyor into the earth through a concrete hopper, using the helical outer flights of the screw in a known manner to convey the concrete to the bottom of the hole and then inserting a reinforcing bar or bars through the hollow shaft after the conveyor has been driven to its full depth but before the withdrawing operation is begun. The lower end of the screw conveyor is covered by a separate driving bit which, in the preferred embodiment, has a threaded pipe attached to the back of its base plate to accept the reinforcing bar. Presumably, the hollow central passageway is only wide enough to accept the reinforcing bar in order to insure proper alignment between the bar and the female portion of the driving bit when the bar is inserted.

Patent No. 2,146,645 to Newman disclosed in 1939 a method for constructing concrete piles by driving a pipe into the ground to a predetermined depth and introducing concrete into the hole after it has been formed through the pipe itself while the pipe is being withdrawn.

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3. 35 U.S.C. 102.

Patent No. 2,729,067 to Patterson in 1956 showed the use of a drill to define a cavity in the earth and, in one embodiment, the use of a hollow shafted auger through which cement grout is passed is proposed. In this embodiment, grout pressure is used to drive the driving bit from the auger shaft.

Thus, as early as 1956, those in the trade had all the elements available to them to form tension piles in the manner of Turzillo '422. Yet, for one reason or another, tension piles could not be formed efficiently using these known methods. The testimony of Mr. Turzillo and Mr. Liver, an officer of the Turzillo Company, showed that in the mid-sixties, Intrusion Prepakt was still using the Patterson method of first forming the pile and then manually inserting the steel tendon into the formed pile. However, this method could not produce the desired results and in at least one tie back job done for the Gulf Power Company in Louisiana Intrusion Prepakt was replaced by Turzillo's company. Intrusion Prepakt now holds licenses under both the '422 and the '216 patents. Indeed, defendant's first attempt to construct tie backs under their contracts in Washington was to use the even older percussion method of driving pipes into the ground and manually inserting the reinforcing bar after drilling. This method, however, resulted in too many failures. Defendants then switched to the methods now accused of infringement and thereafter had no test failures after the pile was formed.

The application to Bauer is not directly on point. It shows a method for inserting a traction anchor into an earth situs by driving a pipe with a loosely-fitting ramming tip at its inner end. The pipe encompasses with minor clearance a steel bar—the traction anchor—which is threaded into the ramming tip after drilling. After

drilling fluid cement is inserted through the pipe and through jet spouts in the ramming tip to form a thin wall of concrete around the steel bar to bind the bar to the earth.

Dufresne is also not directly on point. It shows a method for constructing a simple concrete pile by inserting what is essentially a solid pipe with a driving bit fixed to its lower end into the hollow shaft of a drill. After the hole is drilled the solid pipe-drill bit combination is removed from the central passageway of the drill. A concrete hopper is then placed at the top of the hollow shaft so that the shaft is used as a conduit for the concrete as the drill is progressively removed from the hole.

Finally, the Phares device as disclosed in Figures 22-24 of the specification is an attempt to combine all the known elements to form a tension pile with steel tendons centrally located within the pile. However, the Phares device is significantly more complex than that of Turzillo, as a comparison of the disclosure of Turzillo with that of Phares, Figures 22-24 and accompanying text, will illustrate.

The examiner had before him all the art cited above with the exception of Phares and in the face of these references issued claim one of '422. The court sees no reason to overturn his decision. The installation of tension pile or tie backs is a relatively new field. If a new combination and arrangement of known elements produces a new and beneficial result, never attained before, it is evidence of invention. *Maschinenfabrik Reiter A.G. v. Greenwood Mills,* 340 F. Supp. 1103 (D.S.C. 1971). None of the cited references completely anticipates plaintiffs' claimed invention. In determining obviousness under 35 U.S.C. § 103 hindsight reconstruction of the prior art after the invention's commercial acceptance is not the applicable

standard. *Id.; Simplicity Mfg. Co. v. Quick Mfg. Co.,* 355 F.2d 1012 (6th Cir. 1966). The development of the prior art in this case and the responses of those laboring in the field to make the same invention, as illustrated by the patent to Phares, a recognized leader in the field, indicate that Turzillo's method and device eliminated a technological block in the practical implementation of the prior art. This itself is strongly supportive of the lack of obviousness.

With respect to the Phares patent and the validity of claim 1 in view of its disclosure, the court believes claim 1 of '422 to be patentably distinct from Phares. Phares does not show a driving bit which *closes* the inner end of the hollow shaft. The Phares bit is held onto the inner end of the auger shaft but the closure plate, element No. 145 actually *closes* the inner end, not the driving bit. In addition, Phares does not show releasing the driving bit and the steel tendon attached thereto in substantially centered position within the hole. Defendant failed to show how these distinctions are but obvious improvements over Phares. Its one technical witness had no experience with tie backs before joining defendant's company in Washington. In addition, the testimony of one of plaintiffs' witnesses, Mr. Marshall, indicates that the experimental prototype for the Figure 22 embodiment of Phares was unworkable. It is also unrefuted in the record that the Phares device has never been successfully used commercially in the United States. It appears to the court that Phares is no better than the art considered and rejected by the Patent Office and, therefore, would not have changed the Examiner's decision with respect to claim 1 of '422.

Since a patent is presumed to be valid, 35 U.S.C. § 282, and since defendant failed in its burden of establishing invalidity, the court holds that claim 1 of '422 is valid.

Infringement

The method accused of infringing '422 essentially consisted of the following apparatus and steps: using a hollow shafted continuous auger with a driving bit similar to Turzillo's closing its inner end; attached to the driving bit, is a relatively flexible steel cable, which is welded to the pipe on the back side of the base plate of the driving bit; before drilling the cable and driving bit is inserted into the auger.

Unlike Turzillo the court finds on the basis of the evidence that the driving bit of defendant is not releasably attached to the auger shaft and the steel tendon is not axially centered within the shaft as called for by the claim.

With respect to the requirement of a releasable connection, the defendant's driving bit was equipped with two protruding ears which were designed to engage with corresponding lugs or slots on the body of the drill itself. The outer diameter cylinder portion of the driving bit was approximately a quarter-inch smaller than the inner diameter of the auger shaft. Thus, the physical characteristics of defendant's apparatus and the testimony of Oliver Edwin Merwin, Jr. indicates that defendant was satisfied with a loosely-fitting bit to close the inner end of the shaft which they hoped would fall off after drilling was complete. *See, e.g.* Merwin Deposition, at 43-44, 50, 59. During drilling the bit was to be held onto the auger shaft by downcrowding the bit against the shaft.

Testimony showed, however, that defendant sometimes used bailing wire to keep the bit and shaft together. Plaintiffs urge that this is the releasable connection called for by the claim and cite their own similar use of wire to hold the bit and shaft together during drilling. The court finds that defendant did not use wire to form a releasable

connection. Rather, the wire was used to hold the two elements together before drilling and was designed to break off immediately after drilling commenced. Merwin Deposition, at 48-49. There are enough differences between plaintiffs' ex parte tests designed to show that the wire did not break off and actual conditions and apparatus at the work site in Washington that the court must give the results of these tests little weight. The court, therefore, concludes that the wire served only the purpose intended, as asserted by the defendant, and that the ear-lug connection was not designed and, when working properly, did not function as a releasable connection. Furthermore, the fact that defendant's auger shaft could not be disconnected from its drive motion and, even if it could, one could not make contact with the end of the steel cable within the shaft further indicates that defendant's process depended on the bit being maintained on the shaft by downcrowding and falling off each time the drill was withdrawn.

Defendant's steel cable[4] was also not axially centered within the auger shaft as called for by the claim. Defendant welded its steel cable to the side of the cylinder portion of the driving bit rather than to the center of the closure plate. This resulted in a pile in which the tendon was clearly not centered either within the auger shaft or in the final pile. Mervin Deposition, at 134.

For the foregoing reasons, the court finds that the plaintiffs have failed to establish by a preponderance of the evidence that the defendant infringed the plaintiffs' '422 patent.

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4. In view of the interchangeability of steel cable and steel bars well recognized in the art the court believes that defendant's cable comes within the definition of an elongated rigid element called for by the claim.

'216 Patent

Validity

The '216 patent is an improvement over the '422 patent. A hollow-shafted auger with a releasably attached bit is screwed into an earth situs to define a hole. Thereafter a steel tendon—an elongated rigid element—is released down the auger shaft to forcibly disengage the bit from the inner end of the shaft. The auger is then withdrawn and fluid cement is introduced into the hole. The result is a tension pile, easily and efficiently drilled, with a steel tendon maintained substantially within the center of the pile.

With respect to the validity of '216 the court gives full effect to the statutory presumption of validity. The same examiner who examined '422 had all the pertinent art discussed above, including Phares, before him during prosecution. His decision should not be lightly ignored. In view of the discussion above concerning the prior art, the court concludes that '216 was validly issued.

Defendant also vigorously urges here that plaintiffs defrauded the Patent Office by failing to inform it of the fact that while Turzillo was employing the preferred embodiment of the Patterson patent (see Figures 2 and 3 of Patterson) he used a steel bar to forcibly release a plug at the end of a grout pipe located adjacent to the hole. This prior public use is so remote from Turzillo's present invention that his failure to inform the Patent Office is not material to the validity of '216. Certainly it is not fraud within the meaning of the case law. Even if it was cited the court believes that fact would have had no effect on the examiner because the Patterson patent itself discloses the concept of using some external means to release the plug. Defendant's proof of misrepresentation or fraud

must be clear and convincing, *Tractor Supply Co. v. International Harvester Co.*, 155 U.S.P.Q. 420 (N.D. Ill. 1967); *Beckman Instruments, Inc. v. Chemtronics, Inc., supra.* The court thus rejects its contention with respect to the grout pipe.

Infringement

Defendant's sectional auger method has been accused of infringing the '216 patent. By this method five-foot hollow shafted auger sections were connected together as each section was drilled into the earth. As in the continuous method, a closure member was mounted on the lower end of the first section. Defendant had available to it various types of closure members: a miniaturized version of the type used with its continuous auger method; a closure which had a conical-shaped nose commonly used in percussion drilling; a hemisphere type closure member; a flat plate having carbide teeth on it to cut through obstructions; and a Morse point which is the same as the conical bit, but is machined instead of cast.

The conical and hemisphere bits have no closure plates to which the forward portion of the bit is attached; rather, the base of the conical and hemisphere sections is large enough to close the inner end of the auger shaft. Attached to the base of these bits is the cylindrical pipe which accepts a reinforcing bar or tendon. In the Morse point, the inner end of the cylindrical pipe is tapered.

In defendant's sectional auger method, the steel tendons were introduced into the auger after the drilling step was completed.[5] After the hole was formed, defendant

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5. In practicing this method, defendant leased two Acker drills from Acker Drill Co., Inc. Acker advertised its Acker drill in June, 1972 as fairly new on the market, and as being the first U.S. drill rigs for tie-backs which permit inserting the tie-backs through the hollow stem of the auger before removing the stem. Plaintiffs' Exhibit 41.

disconnected the drills from its driving mechanism so that the top end of the hollow shaft could receive reinforcing bars. The bars were then inserted through this end and embedded in the dirt at the other end which was now theoretically opened. *See* discussion below. Defendant used three- and six-strand cable as reinforcing elements.

The testimony failed to establish that the miniaturized continuous method closure member and the hemisphere member were used in the sectional method or that the carbide tooth bit, although used occasionally at the outset, were ever operatively or productively employed by defendant in practicing the method. Therefore, plaintiffs' claims of infringement must be examined with respect to defendant's use of the conical bits—the conventional percussion type bit and the Morse point.

First, defendant's (unlike the bit used in the continuous process) conical bits employed in defendant's sectional method included means for centering the steel tendons within the auger shaft. The leading edge of the reinforcing cables were bound together by a tapered mechanism which mated with the cylindrical pipe portion of the bit (referred to above). Thus, the evidence shows, and the Morse point particularly demonstrates defendant's intention in the sectional method to center the reinforcing element within the auger shaft and, consequently, within the constructed pile.

Second, the interaction between defendant's conical bit and the modified Acker drill head (explained below) resulted in the releasable connection called for by the claims of '216. As noted above, the base of the conical portion of the closure member was large enough to completely cover the open, inner end of the auger shaft. The testimony shows that at first the bit was seated at the end of the drill body and maintained thereon during drilling only by downcrowding. However, this procedure was not successful. The defendant then had the drill head machined so that the diameter of the base of the cone would fit entirely within the machined portion of the drill head. Moreover, the tolerance between the perimeter of the base and the machined portion of the head was only 1/32 of an inch. Furthermore, the testimony of Kermit Rodgers, superintendent of the Union Station job, indicates that mud or clay was sometimes smeared around the perimeter of the conical base in order to help keep the closure member attached to the drill head. Given the close tolerance between the bit and the modified drill head, a factor not present in defendant's continuous method, especially when mud was used as just described, when drilling commenced, a bond must have formed between the bit and the drill shaft that caused the bit to rotate with the drill and formed the releasable connection called for by the claims. An element in a claim for a combination may be expressed as a means or step for performing a specified function without the recital of structure. Although defendant did not employ the structure disclosed in the patent specification for '216 to form the releasable connection the structure it did employ is the equivalent of the disclosed structure and was intended to accomplish the same purpose. *See* 35 U.S.C. § 112; *Samuel B. Smith v. E. H. Snow, et al.*, 294 U.S. 1 (1934). The conclusion that the bit was releasably retained within the auger shaft to rotate with the drill is buttressed even further by the evidence which showed that the closure member was required to be forcibly released from the bottom of the auger when the reinforcing element was introduced after drilling. If simply jamming the tendon member against the closure member did not release the member, it was moved back and forth by hand until the member released. Even this did not work at times and

defendant was required to use an 80 or 90 pound jackhammer in order to release a stuck closure member.

It is not disputed that the other steps called for by '216—that is, progressively removing the auger shaft while fluid cement is introduced into the hole—including the step of rotating the shaft with withdrawal—were practiced in defendant's sectional auger method.

For the foregoing reasons, the court finds that the plaintiffs have established by a preponderance of the evidence that claims 1, 2, 3, 4, 5 and 6 of the '216 patent were infringed by defendant's sectional method.

The parties are ordered to submit appropriate judgment forms in accordance with this memorandum no later than November 8, 1974.

/s/ THOMAS A. FLANNERY
United States District Judge

JUDGMENT IN THE DISTRICT COURT

(Filed 11-25-74)

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

Civil Action No. 792-72

LEE A. TURZILLO and
LEE TURZILLO CONTRACTING COMPANY,
Plaintiffs,

vs.

P & Z MERGENTIME,
Defendant.

JUDGMENT

This cause having been considered by this court upon the pleadings and evidence presented on trial before this court, and the issues having been duly tried and a decision having been duly rendered by this court in a Memorandum Opinion filed in this court on October 29, 1974, it is ORDERED, ADJUDGED and DECREED:

1. That United States Patent No. 3,363,422, issued January 16, 1968, is valid as to claim 1; and that United States Patent No. 3,464,216, issued September 2, 1969, is valid as to claims 1 through 6.

2. That the plaintiff, Lee A. Turzillo, is the patentee and lawful owner of the entire right, title and interest in and to each of said United States Patents 3,363,422 and 3,464,216 and the inventions thereof; and that the plaintiff, Lee Turzillo Contracting Company, entered into a

license agreement with Lee A. Turzillo covering said patents on November 1, 1969.

3. That defendant, P & Z Mergentime, infringed claims 1, 2, 3, 4, 5 and 6 of United States Patent No. 3,464,216 by using its sectional auger method.

4. The said defendant, P & Z Mergentime, its officers, agents, attorneys, employees, associates and privies, are hereby enjoined and restrained from directly or indirectly infringing any of claims 1 through 6 of United States Patent No. 3,464,216 during its term, and from offering or advertising so to do, and from aiding or abetting or in any way contributing to the infringement of any of said claims.

5. That the plaintiffs recover from the defendant, P & Z Mergentime, for defendant's infringement of claims 1 through 6 of United States Patent No. 3,464,216, damages according to law; and this case is hereby referred to Mr. John W. Follin, Auditor-Master of the Superior Court of the District of Columbia, who will act as a special master to take and report an account of the damages sustained by plaintiffs by reason of said infringement, and the defendant, P & Z Mergentime, its officers, agents, clerks and employees are directed to attend before such special master from time to time as he shall direct, and to produce before him all such books, papers, vouchers, documents and devices and to submit to such oral examination as he may direct.

6. The costs of the reference shall be borne by the defendant.

7. That the plaintiffs shall also recover from the defendant, P & Z Mergentime, its costs and disbursements in this suit to be taxed by the Clerk.

Dated, November 25, 1974

/s/ THOMAS A. FLANNERY
United States District Judge

cc: Auditor/Master
All Counsel

Supreme Court, U. S.
FILED
SEP 22 1976
MICHAEL RODAK, JR., CLERK

In the Supreme Court
OF THE
United States

OCTOBER TERM, 1976

No. 76-297

LEE A. TURZILLO, and LEE TURZILLO CONTRACTING COMPANY,
Petitioners,

vs.

P & Z MERGENTIME,
Respondent.

On Petition for Writ of Certiorari to the Supreme Court of the United States

BRIEF FOR RESPONDENT IN OPPOSITION

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September 17, 1976

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In the Supreme Court
OF THE
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OCTOBER TERM, 1976

No. 76-297

LEE A. TURZILLO, and LEE TURZILLO CONTRACTING COMPANY,
Petitioners,

vs.

P & Z MERGENTIME,
Respondent.

On Petition for Writ of Certiorari to the Supreme Court of the United States

BRIEF FOR RESPONDENT IN OPPOSITION

Now comes Respondent and prays that the Court deny Petitioners' request for a Writ of Certiorari to the United States Court of Appeals for the District of Columbia Circuit to review the judgment in Causes Nos. 75-1079 and 75-1080 on the docket of that court.

QUESTIONS PRESENTED

Petitioners suggest that the Court of Appeals decision of April 8, 1976 that vacated the District Court holding of validity with respect to Turzillo U. S. Patent 3,363,422

(hereinafter the '422 patent) presents three questions for review by this Court. As will be treated more fully hereinafter in the section entitled Argument, it is submitted that all of the Petitioners' alleged questions are specious and lacking in merit.

STATEMENT OF CASE

Petitioners' statement of the case is factually incorrect and/or intentionally misleading, as more completely detailed in the section entitled Argument.

ARGUMENT

I. PETITIONERS' REQUEST FOR A WRIT OF CERTIORARI FAILS TO RECITE A CASE OR CONTROVERSY REVIEWABLE BY THIS COURT.

From a review of the questions raised and reasons advanced by Petitioners, it is apparent that Petitioners have not brought before this Court those portions of the decision of the Court of Appeals that (1) affirmed the District Court holding of non-infringement of the '422 patent; and (2) reversed the District Court holding of validity of U. S. Patent 3,464,216. In and of themselves, these portions of the decision of the Court of Appeals are fully and entirely dispositive of this litigation.

The three questions advanced by Petitioners and the accompanying reasons in support thereof are singularly directed to an unrelated ancillary aspect of the decision by the Court of Appeals, i.e., whether, in addition to the foregoing, the Court of Appeals properly vacated the District Court's finding of validity of the '422 patent. However, this aspect was not in any way controlling. In fact, the Court of Appeals' characterized that portion of its decision as follows (A3)*:

> "The District Court opinion is largely devoted to a discussion of the prior art and the validity of the '422 patent. We have doubts about the ruling that the '422 patent is valid but we simply vacate that ruling rather than resolve the issue of validity in this litigation since, in any event, *we are satisfied that the findings by the judge concerning noninfringement were not clearly erroneous.*" (Emphasis added).

Thus, Petitioners are now requesting this Court to merely render a non-controlling advisory opinion, clearly in contravention with Article III of the U. S. Constitution; *Muskrat v. United States,* 219 U.S. 346, 31 S.Ct. 250, 55 L.Ed.2d 246 (1911).

II. THE COURT OF APPEALS RECOGNIZED THAT THE DISTRICT COURT HOLDING OF VALIDITY OF THE '422 PATENT COULD NOT BE ALLOWED TO STAND, AS THE DISTRICT COURT HAD NOT CLEARLY GRAPPLED WITH THE ANTICIPATORY NATURE OF THE PRIOR ART PHARES REFERENCE.

In alleging that reviewable questions are raised by the Court of Appeals decision that vacated the District Court holding of validity of the '422 patent, Petitioners have chosen to distort the actual opinion of the Court of Appeals. Petitioners assert that an erroneous *turning point* of the Court of Appeals decision resulted from the Court's concern over Turzillo's failure to call the prior art Phares patent "to the attention of the patent examiner".

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*Reference is to the specific page of the Court of Appeals' decision as reproduced in Petitioners' Appendix.

Even a cursory reading of the articulate and succinct opinion by Judge Leventhal reveals that the Court of Appeals was perplexed by Turzillo's overt failure to advise the patent examiner of the Phares reference. For example, Judge Leventhal noted with obvious dismay the lack of a complete trial court record as to how it came about that Phares, a prior art reference known to applicant during prosecution of the application from which the '422 patent eventuated, was not brought to the attention of the patent examiner (A14), when it anticipated "at least major elements" of the '422 patent.

Yet, this did *not* form the basis for the Court of Appeals vacating the District Court holding of validity with respect to the '422 patent. In fact, Judge Leventhal specifically stated to the contrary (A14):

> ". . . we are not required at this juncture to formulate what standard for non-disclosure of pertinent prior art bars enforcement of an otherwise valid patent."

In reality, the basis for the Court of Appeals decision to vacate the District Court holding of validity of the '422 patent finds its genesis in the following paragraphs of its opinion:

> "We have doubts about the ruling that the '422 patent is valid . . ." (A3);
>
> . . . .
>
> "An appellate court is diffident in injecting itself into issues that turn on perception of the facts. But we must voice our concern over the way in which the District Judge handled the matter of the Phares patent. We are not particularly troubled by his mistake in saying that Phares does not show release of

> the driving bit in substantially centered position. Plaintiffs' brief posits that this was a slip of the pen and that the trial court said 'driving bit' when he meant to say 'valve plate.' *More importantly, the District Court has not clearly grappled with the significance of the disclosure in Phares as anticipating at least major elements of Turzillo.*" (A10) (Emphasis added);
>
> . . . .
>
> "Nor do we discern wherein he grappled with the question of whether, if one takes the method disclosed by Phares' patent as a beginning, any differences by Turzillo—accepting them as simplification and advances—were obvious vel non." (A11); and
>
> . . . .
>
> "We discern overall a continuing presumption accorded to the patent which was error insofar as it applied to Phares" (A11).

It is readily apparent that the Court of Appeals was deeply troubled by Turzillo's lack of candor and good faith in his dealing with the Patent Office during prosecution of the application from which the '422 patent eventuated, particularly in view of the standard for such conduct articulated by this Court in *Kingsland v. Dorsey,* 338 U.S. 318, 319, 70 S.Ct. 123, 124, 94 L.Ed. 123, 126 (1949); (A12). However, as clearly demonstrated *supra,* its decision to vacate the trial court's holding of validity was based entirely on its observation that the District Court had *obviously* failed to appreciate the significance of Phares as "anticipating" the '422 patent.

III. IT IS THE WELL ESTABLISHED POLICY OF THIS COURT TO DENY CERTIORARI IN PATENT CASES EXCEPT UNDER EXCEPTIONAL CIRCUMSTANCES NOT PRESENTED BY THIS CASE.

Rule 19 of this Court declares that "A review on Writ of Certiorari is not a matter of right, but of sound judicial discretion and will be granted only where there are special and important reasons therefor". As stated by Chief Justice Vinson in his often quoted address before the American Bar Association on September 7, 1949:

> "The Supreme Court is not, and never has been, primarily concerned with the correction of errors in lower court decisions. In almost all cases within the Court's appellate jurisdiction, the petitioner has already received one appellate review of his case . . .
>
> The function of the Supreme Court is, therefore, to resolve conflicts of opinion on federal questions that have arisen among lower courts, to pass upon questions of wide import under the Constitution, laws and treaties of the United States and to exercise supervisory power over lower federal courts . . .
>
> *To remain effective the Supreme Court must continue to decide only those cases which present questions whose resolution will have immediate importance far beyond the particular facts and parties involved.*" (69 S.Ct. v, vi (1949) (Emphasis added).

The application of these principles to patent cases has resulted in a consistent policy of this Court of declining to review factual issues concerning the validity of particular patents in the absence of a direct appellate court conflict over those issues. As stated in *Universal Oil Co. v. Globe Oil Co.* 322 U.S. 471, 473 (1943):

> "Where the questions presented by the contested claims of infringement and validity are purely factual, this Court ordinarily accepts the concurrent conclusions of the district court and Circuit Court of Appeals in these cases. Goodyear Co. v. Ray-O-Vac., 321 U.S. 275." (Supra at 473).

This case presents no compelling issues as to standards of patentability or meaning of invention. *Graham v. John Deere Co.,* 383 U.S. 1 (1966); *United States v. Adams,* 383 U.S. 39, 41 (1966).

This case presents no conflict of decision among the Circuit Courts of Appeals. *Sanitary Refrigerator Co. v. Winters,* 280 U.S. 30, 35, 36 (1929). Petitioners suggest that the instant Court of Appeals decision is in direct conflict with the rule of other circuits as reflected by the holding of the Fifth Circuit in *Eli Lilly & Co., Inc. v. Generix Drug Sales, Inc.* (5th Cir., 1972) 460 F.2d 1096, wherein that court stated that the *Beckman* (439 F.2d 1369) mandate "does not mean an applicant must list out the full spectrum of his knowledge to establish bona fides."

However, the Phares patent was not "merely" a relevant reference of which Petitioner Turzillo had knowledge, but as recognized by Judge Leventhal in his decision for the Court of Appeals, was a prior art reference that *anticipated* at least major elements of Turzillo. Clearly Phares was more than merely a relevant reference for which Turzillo had no duty to inform the Patent Office. Thus, the decision of the Court of Appeals to vacate the District Court's holding of validity of the '422 patent is entirely consistent with the Fifth Circuit and with the mandate of the *Beckman* case.

CONCLUSION

In short, there has been no persuasive reason presented by petitioner for this Court to deviate from its well established policy of refusing to hear issues which are merely advisory in nature and/or narrowly confined to determining the validity of a particular patent under well established principles of law.

For the reasons stated above, Respondent says that a Petition for a Writ of Certiorari should be denied.

Respectfully submitted,

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No. 76-297

LEE A. TURZILLO and
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Petitioners,

vs.

P & Z MERGENTIME
Respondent.

REPLY BRIEF IN SUPPORT OF CERTIORARI

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REPLY BRIEF IN SUPPORT OF CERTIORARI

The significant importance of this case in the administration not only of the patent system but of appellate review in substantially every case headed for the appellate courts is not to be glossed over by assertions of respondents concerning:

I. A "case or controversy"—which most assuredly this case presents in almost pure form. The case involves no challenge to the facts but concerns solely issues of law that determine the fate of property and the proper limits of appellate review.

II. The trial court's asserted failure to "grapple with" a prior Phares patent. The trial court "closely," as the trial court put it, examined "the prior art *including Phares*"* (A30), adjudged Phares did *not* anticipate (A32), found Turzillo was "patentably distinct from Phares" (A33) and in five pages of findings (A29-A33)

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*Emphasis supplied throughout.

made clear that "Phares is *not* a [35 U.S.C.] 102 reference" (A30), and "is no better than the art considered and rejected" by the examiner (A33) who had "*all* of the most pertinent art before him." (A29). The trial court considered "Phares was unworkable" (A33) and found it unrefuted that "the Phares device has never been successfully used commercially in the United States." (A33) In short, Turzillo "eliminated a technological block in the practical implementation of the prior art." (A33).

III. The claimed policy in this Court not to review patent cases. Respondent ignores:

(a) This is no ordinary patent case; it presents instead problems that deeply affect the judicial process of review.

(b) There are no "second class" cases in this Court. A patent case, surely, as any other, will be reviewed if it presents problems that call for supervision by this Court—as does this case.

Here the Court of Appeals, unable to adjudge *any* finding "clearly erroneous" has merely substituted its views for the findings of the trial court.

Whether that is the approved way for appellate courts to resolve matters this Court should say. If appellate dockets are to be brought under control, clear determination of policy is needed concerning the division of labor between trial and appellate courts.

As is pointed out in WRIGHT ON FEDERAL COURTS (3rd edition, 1976), it *is* important to distinguish the essential nature of trial courts from appellate courts, *and* (Ch. 10, §96, p. 480):

> "Even in instances where an appellate court is in as good a position to decide as the trial court, it should not disregard the trial court's finding, for to do so impairs confidence in the trial courts and multiplies appeals with attendant expense and delay."

This case presents the opportunity to do something about that problem and the avalanche that threatens to overwhelm the appellate system.

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